MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2020/2021

DMG5014 – MANAGEMENT ACCOUNTING 1

(All Sections/Groups)

26 OCTOBER 2020
9.00 A.M – 12.00 P.M
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **5** pages with **5** questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided. Show workings where necessary.

QUESTION 1

Gemilang Manufacturing Sdn. Bhd. produces and sells portable fan. The following data have been taken from the accounting records of the company for the month ended 31 May 2020. During the month, the company produced 2,000 units of portable fan.

Raw material inventory, 1 May	RM12,000
Raw material inventory, 31 May	RM40,000
Work in process inventory, 1 May	RM20,000
Work in process inventory, 31 May	?
Finished goods inventory, 1 May	RM80,000
Finished goods inventory, 31 May	?
Sales revenue	RM800,000
Purchases of raw materials	RM150,000
Direct labour	RM220,000
Indirect labour	RM90,000
Depreciation on plant	RM10,000
Sales commission	RM10,000
Administrative expenses	RM70,000
Factory supplies used	RM8,000
Property taxes on plant	RM60,000
Insurance for factory	RM12,000
Factory utilities	RM70,000
Other selling expenses	RM30,000
Rental on factory machines	RM40,000

Additional data:

1. All raw materials used in production were direct materials.
2. Based on the record, from the total cost of work in process, 10 percent of the amount still in process at the end of the month.
3. 20 percent of the cost of goods available of sale are still unsold at the end of the month.

Required

(a) Prepare the Cost of Goods Manufactured Schedule for May. (11 marks)

(b) What is the cost to produce one unit of portable fan? (1.5 marks)

(c) Prepare the Income Statement for May. (7.5 marks)

(Total: 20 marks)

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QUESTION 2

Valera Company has the following balances as of the year ended 31 December 2019.

Raw material inventory	RM12,000	(Debit balance)
Work in process inventory	RM15,000	(Debit balance)
Finished goods inventory	RM20,000	(Debit balance)
Manufacturing overhead	RM5,000	(Debit balance)
Cost of goods sold	RM120,000	(Debit balance)

Additional information is as follows:

Cost of raw material purchased during 2019	RM35,000
Cost of direct material used during 2019	RM40,000
Cost of goods manufactured during 2019	RM130,000
Manufacturing overhead applied during 2019 (120 percent of direct labour cost)	RM54,000

Required

(a) Compute the direct labour cost incurred during 2019. (2 marks)

(b) Compute the beginning raw material inventory balance. Assume that all raw materials are direct material. (2.5 marks)

(c) Compute the beginning work in process inventory balance. (4 marks)

(d) Compute the beginning finished goods inventory balance. (2.5 marks)

(e) Compute actual manufacturing overhead amount. (2 marks)

(f) Is the manufacturing overhead under or over-applied? Why? (2 marks)

(g) If the company decided to transfer the balance in the manufacturing overhead account to cost of goods sold, compute the adjusted balance for cost of goods sold. (2 marks)

(h) Prepare journal entries to record the assignment of manufacturing costs to work in process. (3 marks)

(Total: 20 marks)

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QUESTION 3

Seri Tanjung Sdn. Bhd has two production departments: Cutting and Assembly. On 1 July 2020, the inventories data as below:

Raw materials inventory	RM6,200
Work in process inventory – Cutting	RM9,400
Work in process inventory – Assembly	RM4,800
Finished goods inventory	RM7,700

During July, the following transactions occurred.

a.	Purchased RM30,000 of raw materials from Super Manufacturing Sdn. Bhd. The company paid RM20,000 in cash and the balance will be on account.
b.	Incurred RM58,000 of factory labour.
c.	Incurred RM35,000 of manufacturing overhead; RM25,000 was paid and the remainder still accrued.
d.	Depreciation for factory's equipment was RM5,000.
e.	Requisitioned materials for Cutting RM15,400 and Assembly RM17,800 .
f.	Used factory labour for Cutting RM30,000 and Assembly RM28,000.
g.	Applied manufacturing overhead at the rate of RM10 per machine hour. During July, machine hours used in Cutting was 1,420, and Assembly was 2,860.
h.	Transferred 10,000 units of goods costing RM60,000 from Cutting to Assembly Department.
i.	Transferred 12,600 units of goods costing RM132,300 from Assembly to finished goods warehouse.
j.	Sold 80 percent of the finished goods on account to Sinar Company at 150 percent of costs.

Production data for Cutting Department for the month of July 2020 are as follows.

Work in process inventory, 1 July	3,000 units (80 percent complete for material, 60 percent complete for conversion costs)
Started into production	9,000 units
Work in process inventory, 31 July	2,000 units (70 percent complete for material, 50 complete for conversion costs)

Required

(a) Journalise the July transactions. Show workings where necessary. (15 marks)

(b) Compute the equivalent units of production for materials and conversion costs for Cutting Department using FIFO method. (5 marks)

(Total: 20 marks)

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QUESTION 4

Citra Sdn. Bhd., which produces and sells a single product, has provided the following data:

Sales volume	14,000 units
Selling price	RM80 per unit
Variable expense	RM50 per unit
Fixed expense	RM300,000

Required

Answer each of the following questions independently.

(a) Based on the current sales volume, how much is the net operating income? (2 marks)

(b) If the sales volume increased by 50 percent, and if the selling price and cost-behavior patterns remain the same, how much net operating income does Citra expect to earn? (2 marks)

(c) If the contribution margin per unit is increased by 5 percent and the total fixed expense is decreased by 2 percent, what is the effect on the new net operating income? (3 marks)

(d) If the sales volume and fixed expense increased by 10 percent, will the net income also increased by 10 percent? Prove your answer. (3 marks)

(e) If the company's sales volume decreased by 20 percent, and the company desires to maintain the current net operating income, what would be the selling price? (3.5 marks)

(f) If the variable expense per unit increased by 12 percent and RM60,000 increase in total fixed expense, what is the new breakeven point in sales? (2.5 marks)

(g) The margin of safety ratio previously was 30 percent. Are the current operations being more or less risky compared to previously? Explain. (4 marks)

(Total: 20 marks)

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QUESTION 5

Samora Company manufactures and sells beach umbrella for RM170 per unit. In the second quarter, the unit produced are same with the first quarter. The company has provided the following data related to the second quarter of the year 2020 operations.

Finished goods inventory at the beginning of the quarter	2,000 units
Sales	9,000 units
Finished goods inventory at the ending of the quarter	3,000 units
Manufacturing costs:	
Variable	RM60 per unit
Fixed	RM300,000 per quarter
Non-manufacturing costs:	
Variable marketing and administrative expense	RM10 per unit
Fixed marketing and administrative expense	RM50,000 per quarter

Required

(a) Calculate the unit produced for the quarter. (1.5 marks)

(b) Calculate the manufacturing cost per unit using absorption costing. (1.5 marks)

(c) Prepare an Income Statement for the second quarter using absorption costing. Show workings where necessary. (7 marks)

(d) Prepare an Income Statement for the second quarter using variable costing. Show workings where necessary. (8 marks)

(e) Reconcile the difference in net operating income under the two costing methods. (2 marks)

(Total: 20 marks)

End of Paper